



## Our Mission:

To serve Iowans by effectively regulating the alcohol beverages industry to ensure responsible business practices and create a favorable economic climate for industry growth and development while maximizing revenue and maintaining a cost efficient wholesale distribution system

July 2008 - July 2009  
**75<sup>th</sup>**



*Lynn M. Walding*  
Administrator

[IowaABD.com](http://IowaABD.com)

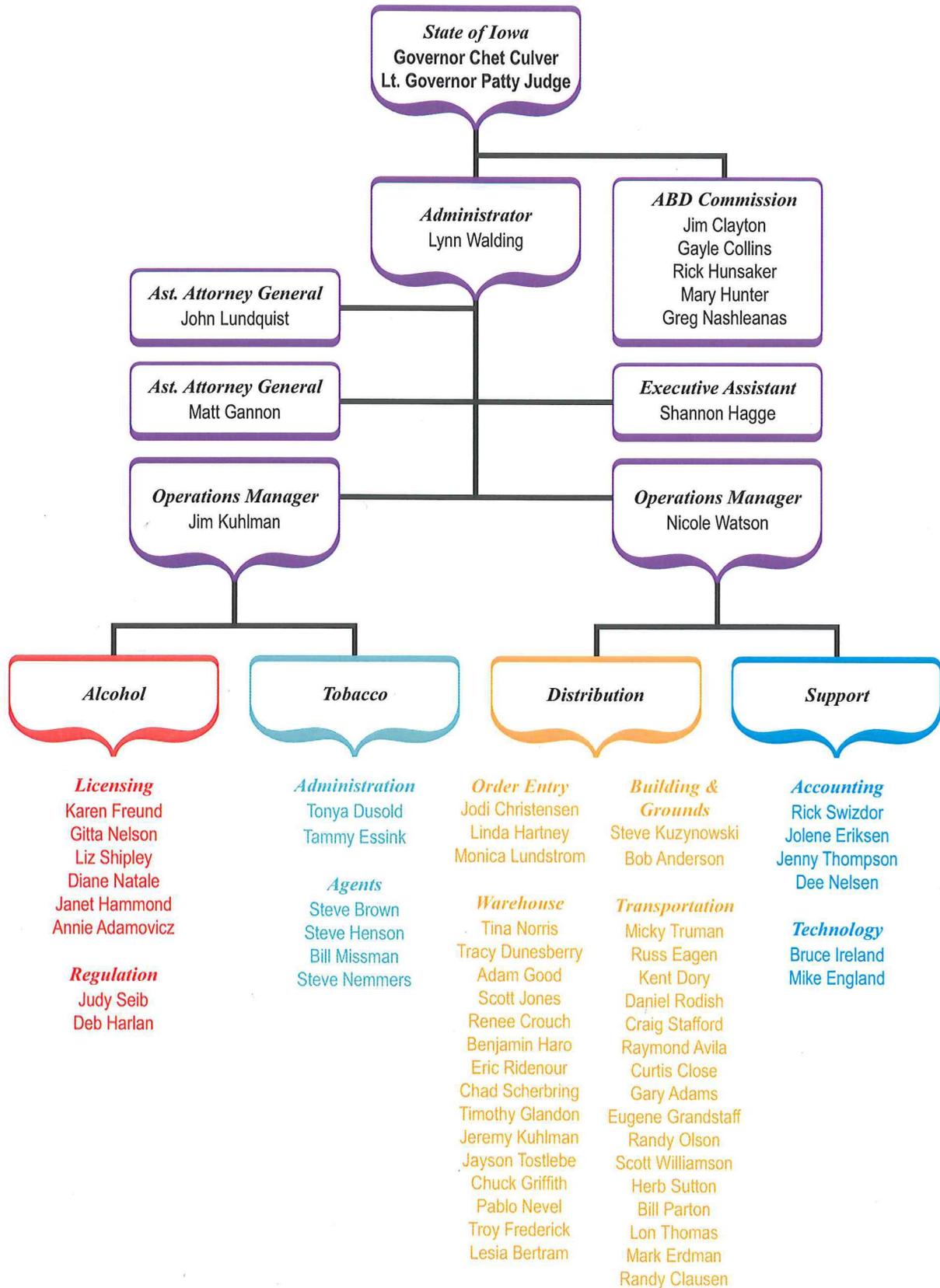
**Annual Report**

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# IOWA ALCOHOLIC BEVERAGES DIVISION



## ALCOHOLIC BEVERAGES COMMISSION

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The Iowa Alcoholic Beverages Commission is created under Iowa Code section 123.5 and is comprised of five members appointed by the governor subject to confirmation by the senate. Commissioners are appointed for 5-year staggered terms and are chosen on the basis of managerial ability and experience as business executives. Commissioners are eligible for one 5-year reappointment.

The commission is required by law to meet on July 1 of each year and at the call of the commission chairperson or when any three members file a written request for hearing with the chairperson. The commission acts as a policy-making body and serves in an advisory capacity to the Division administrator. Commissioners may review, affirm, reverse or amend all actions of the administrator in the wholesaling of liquor and intoxicating liquor, and in the licensing and regulating of Iowa's alcoholic beverages industry.



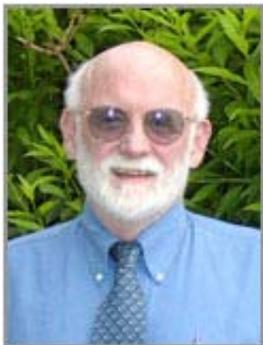
**Mary Hunter** was appointed to the Alcoholic Beverages Commission May 1, 2002, and assumed the duties of Chairperson July 1, 2006. She has also served as Secretary and Vice-Chairperson of the Commission. Commissioner Hunter is a graduate of Drake University with a Business Management and Marketing degree and is currently employed at Hy-Vee, Inc. as Assistant Vice President, Pharmacy Acquisitions. In addition to her duties on the Commission and at Hy-Vee, Commissioner Hunter is a school volunteer and is involved with Variety Club, Juvenile Diabetes Research Foundation and the American Business Women's Association. She will assume the leadership position as President of the ALS (Lou Gehrig's Disease) in January 2007. Commissioner Hunter resides in Clive.



**Greg Nashleanas** was appointed to the Alcoholic Beverages Commission May 1, 2008. Currently Commissioner Nashleanas is employed at L & L Distributing Co. in Sioux City, and has been since 1979 as a general manager. Prior to his current position at L&L Distributing Commissioner Nashleanas owned Northwest Iowa Beer Distribution. In addition to his duties with the Commission Mr. Nashleanas has served on the Board of Directors of the War Eagle Council of the Area Boy Scouts of America and Telco Credit Union, and has also been involved with the community, including the support and mission of treatment centers and recovering community in the Siouxland area. Commissioner Nashleanas is a lifelong resident of Sioux City where he currently resides.

## ALCOHOLIC BEVERAGES COMMISSION (Continued)

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**Jim Clayton** was reappointed to the Alcoholic Beverages Commission May 1, 2009, and was recently elected Secretary of the Alcoholic Beverages Commission. Commissioner Clayton is a graduate of Beloit College with a B.A. degree and is the owner of The Soap Opera, a retail specialty store in Iowa City. He is the co-chairperson of The Stepping Up Coalition, a campus community initiative to reduce the harmful effects of high risk drinking by students at The University of Iowa, and served as the project coordinator from December of 2002 until July of 2005. Commissioner Clayton serves on the board of The ARC of Johnson County and is an active volunteer with Big Brothers-Big Sisters. Commissioner Clayton lives in rural Iowa City.



**Gayle Collins** served as the Chairperson of the Iowa Alcoholic Beverages Commission for Fiscal Year 2005. She has also served as Vice-Chairperson and Secretary of the Commission. Commissioner Collins was appointed to the Alcoholic Beverages Commission by Governor Tom Vilsack in May 2001 and reappointed to another 5-year-term in 2005.

Commissioner Collins graduated from the University of Iowa with both Bachelors and Masters degrees. She also received a Masters degree in counseling from Drake University. Commissioner Collins is currently a commercial real estate agent with Iowa Realty Commercial in Des Moines. In addition to her duties with the Commission, Ms. Collins has served as President of the Des Moines Park and Recreation board and has been involved in many community organizations including the 2004 and 1995 AAU Junior Olympics. Ms. Collins has also been politically active in city, county, state and national projects, and she resides in Des Moines, Iowa.

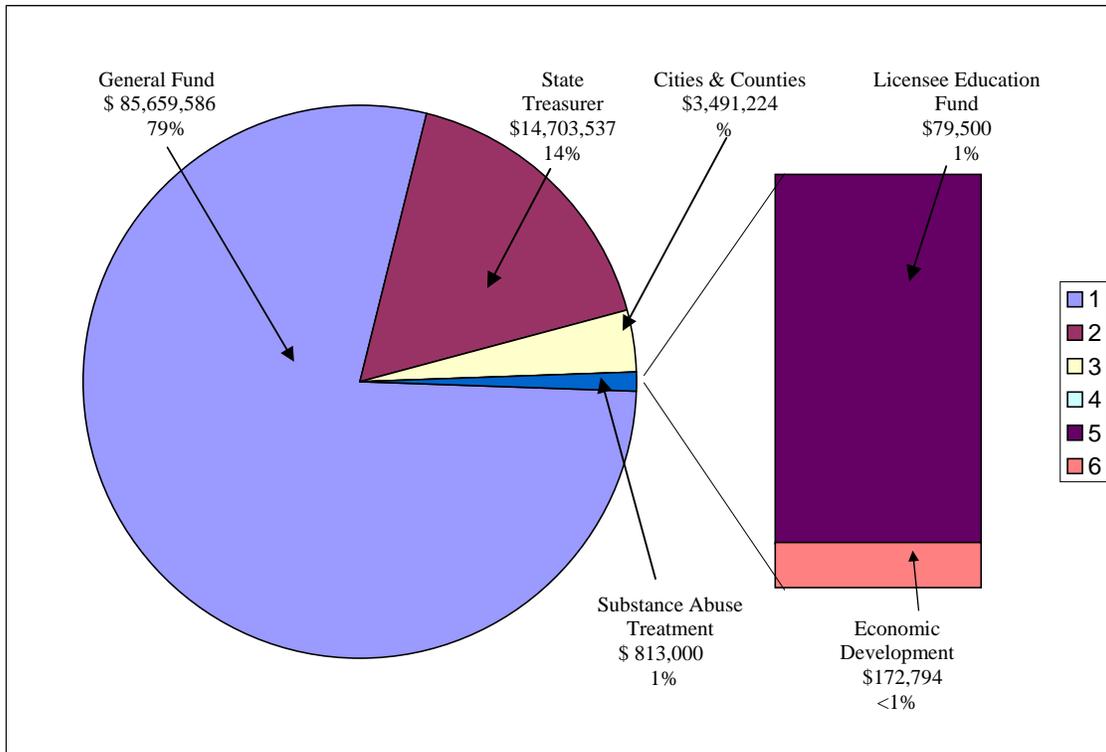


**Rick Hunsaker**, the newest member of the Commission, was appointed to the Iowa Alcoholic Beverages Commission by Governor Tom Vilsack on May 1, 2006. Commissioner Hunsaker is a graduate of Drake University, receiving a BA in 1988 and a Master of Public Administration in 1990. He is the Executive Director of Region XII Council of Governments in Carroll, a regional agency serving 6 counties and 58 cities in west central Iowa. Commissioner Hunsaker serves on the Board of Directors for the Iowa Association of Regional Councils (past chair), the Association of Iowa Workforce Partners, Carroll Area Development Cooperation, and Western Iowa Advantage, an eight county cooperative marketing group. Mr. Hunsaker is a member of the American Planning Association and the Iowa Historic Preservation Alliance. He is the current treasurer of Depot Center, Ltd., a local non-profit historic preservation organization. Commissioner Hunsaker resides in Carroll.

# TOTAL FUNDS GENERATED

	FOR 12 MONTHS ENDED 6-30-09	FOR 12 MONTHS ENDED 6-30-08
Direct Transfer to General Fund (\$14,309,586 earmarked for Substance Abuse Treatment)	\$85,659,586	\$69,319,798
Transfer to State Treasurer – Beer & Air Tax Collections	14,703,537	14,447,869
Remit to Cities & Counties – 65% of Licensee Fees	3,491,224	3,460,608
Licensee Education Fund	79,500	103,500
Transfers to Substance Abuse Treatment	813,000	820,000
Transfers – Economic Development (Native Beer & Wine)	172,794	128,209
<b>TOTAL FUNDS GENERATED</b>	<b><u>\$104,919,641</u></b>	<b><u>\$88,279,984</u></b>

## FY 2009 Profit Distribution \$ 104,919,641



# SOURCE AND USE OF FUNDS

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## Fiscal Year 2009

### Sources of Funds

Sale of Liquor	\$ 204,433,455
Sale of Licenses	\$ 10,913,952
Beer Tax Collected	\$ 14,717,283
Wine Tax Collected	\$ 6,322,864
Miscellaneous Revenue <sup>(1)</sup>	\$ <u>3,620,274</u>
<b>Source of Funds</b>	<b>\$ 240,007,828</b>

### Uses of Funds

Payments of Liquor	\$ 134,463,822
Transfer to State General Fund <sup>(2)</sup>	\$ 85,659,586
Transfer to Other State Departments <sup>(3)</sup>	\$ 15,689,586
Cities and Counties – License Fees	\$ 3,491,224
Miscellaneous Expenses <sup>(4)</sup>	\$ <u>5,114,897</u>
<b>Use of Funds</b>	<b>\$ 244,448,688</b>
<b>Increase in Cash Balance</b>	<b>\$ <u>(4,440,860)</u></b>

<sup>(1)</sup> Misc. Revenue Includes:

Liquor Tax-Air Carrier  
Misc. Income  
Split Case Fee  
Bottle Deposit Fee  
Bottle Recycle Surcharge  
Bailment Case Fee

<sup>(2)</sup> Transfer to  
General Fund Includes:

\$14,309,586 Earmarked  
for Substance Abuse

<sup>(3)</sup> Transfer to Other  
State Dept. Includes:

Beer Tax  
Liquor Tax – Air Carrier  
Sunday Sales Fees  
Economic Development  
Sales Tax

<sup>(4)</sup> Misc. Expenses Includes:

Operating Expense  
Bottle Deposit Refund  
Recyclable Surcharge Fee

# VITAL STATISTICS

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## SALES

To Class E Liquor Retailers **\$204,433,455**

## SUMMARY OF REVENUE FROM LIQUOR OPERATIONS

(for year ended June 30, 2009)

Net Income	<u>\$79,895,341</u>
Additional Revenue	
Beer & Native Wine Tax Collections	\$14,876,159
Licensee Fees, Cities & Counties	3,491,224
Fines and Penalties	79,500
Liquor Tax – Air Carriers	<u>172</u>
Total Additional Revenue	<u>\$18,447,055</u>
Total Revenue Collected	<u>\$98,342,396</u>

## OPERATING BUDGET

(for year ended June 30, 2009)

**\$7,281,110**

## LICENSING

(as of June 30, 2009)

Retail Licenses & Permits Processed	9,601
Wholesale Licenses & Permits in Effect	150
Other Licenses & Permits	10385
Liquor License Fees from \$195 to \$2,190	
Package Liquor License Fees from \$750 to \$7,500	
Beer Permit Fees from \$75 to \$300	
Wine Permit Fees - \$500	
Total License Fees Collected for Year Ended June 30, 2008	\$10,519,124

## PURCHASING

Cases Purchased, year ended June 30, 2009	1,606,853
Cost of Liquor Purchased, year ended June 30, 2009	\$135,679,457
Number of Vendors	107

## LIQUOR CONTROL JURISDICTIONS

Alabama	* Mississippi	Ohio	Virginia
Idaho	Montana	Oregon	Washington
* Iowa	Montgomery Co., Maryland	Pennsylvania	West Virginia
Maine	New Hampshire	Utah	* Wyoming
* Michigan	North Carolina	Vermont	

\* *Wholesale Operations Only*

# INCOME AND EXPENSE

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	YEAR ENDED 30-Jun-09	YEAR ENDED 30-Jun-08
<b>SALES</b>		
Liquor Sales	\$204,433,455	\$188,856,015
Cost of Liquor Sales	<u>134,463,822</u>	<u>124,882,963</u>
Gross Profit of Liquor Sales	\$63,973,052	\$63,973,052
<b>OPERATING EXPENSES</b>		
Salaries	\$1,562,126	\$1,519,391
Travel	8,087	11,183
Office Supplies	68,251	86,463
Other Supplies	13,342	14,705
Printing	4,642	4,428
Telephone	58,556	92,582
Rental - Buildings	0	191
Utilities	39,353	33,499
Other Contractual Services	146,973	173,926
Intra-State Transfers	161,792	114,855
Equipment	10,924	157,648
Depreciation Expense	<u>94,999</u>	<u>71,188</u>
Total General Fund Expense	2,169,045	2,280,491
Total Trust Fund Expense	<u>5,144,897</u>	<u>7,884,228</u>
Total Operating Expense	\$ 7,313,942	\$ 10,164,719
<b>OPERATING INCOME</b>	<u>\$62,655,691</u>	<u>\$53,808,333</u>
<b>OTHER INCOME</b>		
License & Permit Fees	\$7,422,728	\$7,258,130
Wine Tax Collections	6,163,988	6,075,290
Miscellaneous Income	<u>3,620,102</u>	<u>3,010,620</u>
Total Other Income	<u>\$17,206,818</u>	<u>\$16,344,040</u>
<b>TOTAL NET INCOME</b>	<u>\$79,862,509</u>	<u>\$70,152,373</u>

## FINANCIAL POSITION

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	YEAR ENDED 30-Jun-09	YEAR ENDED 30-Jun-08
<b>CURRENT ASSETS:</b>		
Cash	\$10,773,128	\$17,437,918
Accounts Receivable	898,295	855,298
Liquor Inventory Cost	<u>911,558</u>	<u>1,263,951</u>
Total Current Assets	\$12,582,981	\$19,557,167
<b>OTHER ASSETS:</b>		
Reserves	\$88,273	\$87,623
Equipment	240,431	284,884
Building & Land	<u>210,000</u>	<u>210,000</u>
Total Other Assets	\$538,704	\$582,507
<b>TOTAL ASSETS</b>	<u>\$13,121,685</u>	<u>\$20,139,674</u>
<b>CURRENT LIABILITIES:</b>		
Prepaid Rent	\$0	\$0
Accounts Payable	8,067,263	10,755,489
Due Approving Bodies of Licensee	<u>560,527</u>	<u>235,017</u>
<b>TOTAL LIABILITIES</b>	\$8,627,790	\$10,990,506
<b>EQUITY:</b>	<u>\$4,493,895</u>	<u>\$9,149,168</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u>\$13,121,685</u>	<u>\$20,139,674</u>

# COMPARATIVE STATEMENT OF LIQUOR SALES

	YEAR ENDED 30-Jun-09 Gallons	YEAR ENDED 30-Jun-08 Gallons	INCREASE (DECREASE) Gallons	INCREASE (DECREASE) Percent
<b>DISTILLED SPIRITS</b>				
Blended Whiskey	207,552	195,612	11,910	6%
Straight Whiskey	170,883	167,111	3,772	2%
Tennessee Whiskey	103,335	101,243	2,092	2%
Bottled in Bond – Bourbon	428	401	27	7%
Straight Whiskey Rye	10,297	7,389	2,907	39%
Canadian Whiskey	561,279	531,687	29,591	6%
Scotch Whiskey	76,801	76,567	234	0%
Single Malt Scotch	10,474	9,921	553	6%
Irish Whiskey	12,870	10,165	2,705	27%
Tequila	166,025	160,956	5,069	3%
Vodka	1,140,523	1,059,766	80,757	8%
Gin – American	115,631	107,319	8,312	8%
Gin – Foreign	36,982	37,757	(776)	-2%
Sloe Gin	2,758	2,986	(227)	-8%
Brandy – American	113,780	107,447	6,333	6%
Brandy – Foreign	28,464	26,497	1,967	7%
Rum	659,927	617,020	42,906	7%
Cocktails	197,136	182,956	14,180	8%
Cordials – American	249,346	251,481	(2,135)	-1%
Cordials – Foreign	135,414	136,461	(1,047)	-1%
Schnapps	250,917	236,222	14,695	6%
Decanters and Specialty Packs	8,747	11,965	(3,219)	-27%
High Proof Beer	29,570	14,802	14,768	100%
Alcohol	10,624	9,115	1,509	17%
Other	(546)	2,080	(2,626)	-41%
<b>SPIRITS TOTAL</b>	4,299,187	4,064,928	234,260	6%
<b>WINE SALES*</b>	3,612,840	3,552,081	60,759	2%
<b>BEER SALES*</b>	77,455,152	75,818,438	1,636,714	2%

IOWA PER CAPITA CONSUMPTION – 2009 (Based on adult population – 21 and over)

DISTILLED SPIRITS 2.10    WINE 1.76    BEER 37.76

*\*Wine, beer and low proof wine/cooler sales are based on sales by wholesalers to retailers.  
The wine per capita tabulation represents products legally defined as wine.*

# VENDOR ANALYSIS

VENDOR	PURCHASES		VENDOR	PURCHASES	
	CASES	COST		CASES	COST
209, LTD	48	5,101	Levecke Corp	1	71
3 Vodka Distilleries	1	155	Luctor International	39	5,494
888 Imports	16	1,578	Luxco	158,018	8,139,153
A Hardy / USA Ltd.	3	405	Mango Bottling	814	46,989
Adamba Imports Int'l	1	117	Manneken-Brussel	835	62,831
Admiral Imports	68	8,832	Marsalle Co/Stoller	8	1,097
AIG Wine and Spirits	3	360	McCormick Distilling Co.	34,895	1,800,967
Alambic Inc	88	10,563	McKenzie River Corp	76	11,751
Anheuser Bush	113	12,109	Merchant du Vin	1,061	41,821
Artisanal imports	120	7,958	MHW, Ltd	8,587	1,084,103
Aveniu Brands	63	8,420	Moet Hennessy	11,590	2,372,120
B United International	505	29,148	Monsieur Henri	1,102	136,431
Bacardi Imports, Inc.	86,248	9,420,827	Niche Import Co	42	6,295
Black Diamond	5	715	North Shore Distillery	1	130
BMC Imports	3	1,005	Old Mill Brand Wine & Spirits	1	112
Boston Beer Co.	78	4,394	Oregon Brewing Co.	547	41,657
Boulevard Brewing Co	1,535	89,164	Paramount Distillers, Inc.	87,724	4,196,580
BPNC Distillery	123	12,533	Pernod Ricard	72,687	9,574,362
Brown-Forman Corporation	69,367	9,586,469	Phillips Beverage Company	68,570	4,042,402
Capstone International	8	1,334	Piedmont Distillers	17	1,383
Castle Brands	2	204	Preiss Imports	40	6,681
Cedar Ridge Vineyard	803	78,623	Quadro Group	268	52,232
Charles Jacquin Et. Cie, Inc.	1,253	73,831	Remy Cointreau, Inc.	5,040	1,045,199
Clear Creek Distillery	1	521	Sans Wine & Spirits	10	1,170
Constellation Wine Company Inc.	27,673	1,708,247	Sazerac Co., Inc.	35,071	2,988,200
D & V International, Inc	510	33,727	Sazerac North America	214,623	11,620,840
Diageo Americas	333,678	35,689,385	Seashore Marketing Grp	3	495
Diageo Chateau & Wine Estates	1	223	Shaw Ross Intl Importers, Inc.	456	25,541
Distillerie Stock U. S. A., Ltd.	165	20,885	Sidney Frank Importing Co.	27,227	4,458,228
Domaine Charbay	1	129	Sierra Nevada Brewing Co	2,368	55,931
Dorado, Pizzorni & Sons, LLC	4	965	Skyy Spirits	11,108	1,269,784
Dreyfus Ashby	7	1,062	Spaten North America Inc	556	28,862
Duggans	12	2,190	Spirits Imports, Inc	1	322
Duvel Moortgat	653	35,528	Spirits Marque One LLC	5,727	465,613
E. & J. Gallo Winery	16,191	1,099,993	Spirits of the USA	59	9,120
Evaton, Inc	6	1,650	Stanley Stawski Dist Co	2	332
F Korbel & Bros, Inc.	1,223	83,393	Stellar Importing Co, LLC	83	9,151
Fifth Generation	198	22,943	Summit Brewing Co	265	5,915
Five Star Wine & Spirits	5	1,059	The Patron Spirits Co	6,133	1,642,574
Flying Dog	1,158	39,616	Total Beverage	137	8,448
Goose Island	838	42,409	U. S. Distilled Product Co.	207	24,668
Great Lakes Liquor Co.	7,218	387,689	Unibrew	307	12,590
H A P LLC	4	731	Vintages Inc	37	3,652
Harbrew	1	153	Vital Beverages	6	1,387
Heartland Wine& Spirits Group	4	435	W J Deutsch & Sons, Ltd.	1	90
Heaven Hill Distilleries Inc.	28,830	1,895,373	Wetten Importers	272	17,992
Hood River Distillers Inc	230	18,734	White Rock Distilleries, Inc.	37,991	2,347,752
Inperial Brands	59	4,036	Wildman and Sons	7	2,376
International Beverage	9	2,411	William Grant & Sons, Inc.	9,641	1,275,149
Jim Beam Brands	147,448	12,339,446	Wilson Daniels	9,591	975,637
Kindred Spirits	13	1,854	Win It Too Inc/Global Beer Networ	760	41,363
Kobrand Corporation	867	96,999	Winebow , Inc	7	1,347
Koening	11	1,480	Winery Exchange	46	31,221
Laird and Company	64,716	2,796,735			
			<i>Total Purchases</i>	<u>1,606,853</u>	<u>135,679,457</u>

# LICENSES AND PERMITS PROCESSED

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RETAIL		NUMBER	REVENUE
BB	Commercial-Beer On/Off Premises	1,162	\$183,110
BC	Retail Store-Beer Off Premises	2,356	648,659
LA	Private Club-Liquor/Wine/Beer On Premises	155	106,505
LB	Hotel/Motel-Liquor/Wine/Beer On Premises-Beer Off Premises	114	215,707
LC	Commercial-Liquor/Wine/Beer On Premises-Beer Off Premises	4,078	5,901,405
LD	Common Carrier-Liquor/Wine/Beer On Premises	26	6,870
LE	Commercial-Liquor Off Premises	822	3,084,626
BW	Special-Beer/Wine On Premises-Beer Off Premises	505	247,982
WB	Retail Store-Wine Off Premises	51	24,750
WBN	Retail Store -Native Wine Off Premises	310	7,750
WCN	Commercial-Native Wine On/Off Premises	<u>22</u>	<u>550</u>
	Subtotal	9,601	\$10,426,914
WHOLESALE			
BA	Beer Wholesaler	43	\$10,750
BAN	Native Wholesale Beer Distributor	5	1,610
WA	Wine Wholesaler	26	19,500
WAN	Native Wholesale Wine Distributor	<u>76</u>	<u>2,025</u>
	Subtotal	150	\$33,885
OTHER			
	Brewers Certificate of Compliance	89	\$8,900
	Distillers Certificate of Compliance	96	4,800
	Vintners Certificate of Compliance	428	42,800
	Manufacturers Permits	4	1,400
	Special Permits	<u>17</u>	<u>425</u>
	Subtotal	<u>634</u>	<u>\$58,325</u>
	Total	10,385	\$10,519,124
	Less Refunds	<u>0</u>	<u>-</u>
	Grand Total	<u>10,382</u>	<u>\$10,519,124</u>

# ADMINISTRATIVE HEARINGS

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## Sales to Minors

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	102
LB	Hotel/Motel	Liquor/Wine/Beer/On Premises-Beer Off Premises	2
LE	Retail Stores	Liquor – Off Premises	19
BC	Retail Stores	Beer – Off Premises	44
BW	Retail	Beer/Wine Beer On/Off Premises & Wine On Premises	6
BB	Commercial	Beer On Premises & Off Premises	5
		Total	<u>178</u>

## Summary Suspensions/Failure to Maintain Dram Liability Insurance

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	18
BB	Commercial	Beer On Premises & Off Premises	3
BW	Retail	Beer/Wine Beer On/Off Premises & Wine On Premises	2
		Total	<u>23</u>

## Summary Suspensions/Revocations

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	2
LE	Retail Stores	Liquor – Off Premises	1
		Total	<u>3</u>

## Illegal Gambling

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	33
BC	Retail Stores	Beer Off Premises	3
BB	Commercial	Beer On Premises & Off Premises	3
LA	Retail	On Premises Liquor, Beer, Wine: No Carry Out	1
		Total	<u>40</u>

## Sales During Prohibited Hours

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	14
BW	Retail	Beer/Wine Beer On/Off Premises & Wine On Premises	3
		Total	<u>17</u>

## ADMINISTRATIVE HEARINGS Continued

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### Illegal Activity

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	13
BW	Retail	Beer/Wine Beer On/Off Premises & Wine/On Premises	3
		Total	<u>16</u>

### Intoxication

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	5
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### Credit Sales

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	10
LE	Retail Stores	Liquor/Off Premises	1
		Total	<u>11</u>

### Good Moral Character

LE	Retail Stores	Liquor/Off Premises	1
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## APPEAL HEARINGS

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### Denied Licenses

	Wine	3
	Liquor	121
	Beer	44
	Total	<u>168</u>